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Means of implementation for sustainable forest management

Report on the second meeting of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing

Summary

Pursuant to paragraph 2 of the resolution on means of implementation for sustainable forest management, adopted at the special session of the ninth session of the United Nations Forum on Forests (see E/2009/118-E/CN.18/SS/2009/2, para. 3), the Open-ended Intergovernmental Ad Hoc Expert Group held two meetings, one before the ninth session and one before the tenth session of the Forum. The first meeting of the Expert Group was held from 13 to 17 September 2010 in Nairobi. The second meeting of the Group was held from 14 to 18 January 2013 in Vienna. The present document is the report on the second meeting, which will be submitted at the tenth session of the Forum for its consideration.

* E/CN.18/2013/1.

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I. Background

1. In paragraph 1 of the resolution on means of implementation for sustainable forest management, adopted at the special session of its ninth session, the United Nations Forum on Forests decided to establish an Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing with a view to making proposals on strategies to mobilize resources from all sources to support the implementation of sustainable forest management, the achievement of the global objectives on forests and the implementation of the Non-legally Binding Instrument on all types of forests, including, inter alia, strengthening and improving access to funds and establishing a voluntary global forest fund, taking into account, inter alia, the results of the Forum's review of the performance of the facilitative process, views of member States, and review of sustainable forest management-related financing instruments and processes. Under paragraph 2 of the resolution, the Expert Group would submit final recommendations on financing sustainable forest management at the tenth session of the Forum, to be held from 8 to 19 April 2013 in Istanbul, Turkey.

II. Organizational and other matters

A. Venue and duration of the meeting

2. The second meeting of the Ad Hoc Expert Group was held in Vienna from 14 to 18 January 2013.

B. Opening of the meeting

3. The meeting was opened by Ambassador Macharia Kamau, Co-Chair of the first Expert Group Meeting, held in Nairobi from 13 to 17 September 2010.

C. Election of Co-Chairs

4. After his opening remarks, Ambassador Kamau invited the experts to formally elect the nominated candidates, Jan Heino (Finland) and Paulino Franco de Carvalho Neto (Brazil), as the Co-Chairs of the second meeting of the Ad Hoc Expert Group. The Group elected the two nominated candidates by acclamation.

D. Opening remarks

5. Mr. Mario Ruales, Chair of the tenth session Bureau, Mr. Jan Heino, Co-Chair of the second meeting of the Group, and Ms. Jan L. McAlpine, the Director of the United Nations Forum on Forests, also made opening remarks.

6. Mr. de Carvalho Neto, Co-Chair of the second meeting, explained the organization of work of the meeting.

E. Adoption of the agenda and other organizational matters

7. The agenda (E/CN.18/AEG/2013/1) and the programme of work were adopted. It was noted that there would be no negotiated outcome, and the Co-Chairs would prepare a summary of discussions, which would be included as an annex to the report on the meeting (see annex to the present report).

8. The secretariat of the United Nations Forum on Forests introduced the relevant documents to the session and a compact disc was distributed to all experts, which included all the documents of the Forum relevant to forest financing since the special session of the ninth session. The documents are also available online on the Forum website from www.un.org/esa/forests/adhoc.html.

F. Tasks of the Open-ended Ad Hoc Expert Group

9. The Expert Group noted that in paragraph 2 of the resolution adopted at the special session of the ninth session, the Forum decided that the Group would meet before the ninth and tenth sessions, submitting a preliminary report to the Forum during its ninth session and final recommendations at its tenth session, for its consideration and decision. The Group also noted that its tasks are set out in paragraph 1 of that resolution, and are also set out in paragraph 1 of the present report.

G. Attendance and participation

10. The Expert Group was composed of more than 151 experts, from 75 countries and 23 regional and international organizations and processes, and major groups and independent experts. In addition, experts designated by member organizations of the Collaborative Partnership on Forests,[1] other international and regional organizations, regional processes and major groups and independent experts were in attendance.

11. The full list of participants is accessible from http://www.un.org/esa/forests/adhoc.html.

III. Matters for the consideration of the United Nations Forum on Forests

12. The Co-Chairs' summary of discussions that took place at the second meeting of the Expert Group, including the options for recommendations by the Co-Chairs, is found in the annex to the present report for the consideration of the Forum at its

[1] The Collaborative Partnership on Forests is a voluntary arrangement among 14 international organizations and secretariats with substantial programmes on forests which is to support the work of the United Nations Forum on Forests. The members of the Partnership are: Center for International Forestry Research, Food and Agriculture Organization of the United Nations, International Tropical Timber Organization, International Union of Forest Research Organizations, Convention on Biological Diversity, Global Environment Facility, United Nations Convention to Combat Desertification, United Nations Forum on Forests, United Nations Framework Convention on Climate Change, United Nations Development Programme, United Nations Environment Programme, World Agroforestry Centre, the World Bank and International Union for Conservation of Nature.

tenth session. At its closing plenary meeting, on 18 January 2013, the Group adopted the present report. At its second meeting, the Expert Group also took note of the Co-Chairs' summary and their options for recommendations (see annex to the present report).

IV. Closing of the second meeting of the Ad Hoc Expert Group

13. During the closing meeting, the Co-Chairs thanked the experts for their active involvement in the discussions of the Group. The Co-Chairs also expressed their satisfaction at the results of the meeting and thanked the Bureau of the tenth session of the Forum and the secretariat for organizing the second meeting with a dynamic programme, which enabled interactive discussions. The Co-Chairs urged the continued engagement and cooperation of all countries, organizations and major groups at the tenth session, where a decision will be taken on financing sustainable forest management, taking into account the results of the meeting of the Group. The Co-Chairs then announced the closure of the second meeting and the experts expressed their gratitude to the Co-Chairs by acclamation.

Annex

Co-Chairs' summary of the discussions during the second meeting of the Open-Ended Intergovernmental Ad Hoc Expert Group on Forest Financing

A. Opening of the meeting

1. Ambassador Macharia Kamau, Co-Chair of the first Ad Hoc Expert Group Meeting on Forest Financing, held in Nairobi from 13 to 17 September 2010, emphasized the success of the meeting, where honest exchanges had led to fruitful recommendations, setting the foundation for additional intersessional activities set out in the resolution adopted by the Forum. He also underlined progress since the first meeting, in improving understanding on forest financing issues, and called for constructive engagement during the second meeting of the Ad Hoc Group.

B. Election of the Co-Chairs of the second meeting of the Ad Hoc Group

2. Ambassador Kamau invited the experts to elect the two nominated Co-Chairs, after which the Co-Chairs, Mr. Jan Heino, Co-Chair of the first and second meetings, thanked Ambassador Kamau and emphasized how much the latter had contributed to the success of the first meeting. Mr. Heino then invited Mr. Mario Ruales, Chair of the Bureau of the tenth session of the Forum, to make his opening remarks.

3. Mr. Ruales summarized the purpose of the second meeting and provided an overview of progress made since the first meeting, in which the Forum had significantly raised the profile of forest financing and the importance of forests for people. This was due to initiatives such as the 2012 study on forest financing by the Advisory Group on Finance, the Organization-Led Initiative of the Collaborative Partnership on Forests, held in Rome in September 2012, and the six interregional workshops held as part of facilitative process projects. He emphasized that the objectives of the second meeting were a critical strategic element of the work on forest financing in advance of the tenth session of the Forum and underlined the opportunity that the meeting had presented given its interactive discussion format. Mr. Ruales concluded that the results of the second meeting would be a summary highlighting the discussions, and not a negotiated outcome.

4. Mr. Heino reminded experts of the resolution adopted at the special session of the ninth session, which had laid the basis for the second meeting. He recalled numerous intersessional activities that had taken place since the first meeting, including the six facilitative process workshops, inputs from member States, major groups and members of the Collaborative Partnership on Forests, the Advisory Group on Finance study and the Collaborative Partnership on Forests Organization-Led Initiative, which had produced over 1,000 pages of reports on forest financing. He also mentioned some publications from other organizations.[a] As a result of those

[a] Dominic Elson, Guide to investing in locally controlled forestry (Growing Forest Partnerships, London, 2012); and *Good Business: Making Private Investments Work for Tropical Forests*, Alexander Asen, et al. (eds.) (European Tropical Forest Research Network, 2012, Wageningen, the Netherlands).

initiatives, he pointed out, the recommendations submitted at the second meeting were constructive, demand driven, action oriented and reality based.

5. Ms. Jan L. McAlpine, Director, United Nations Forum on Forests secretariat, provided an overview on the work of the Forum on forest financing in the preceding four years. She explained how the Forum had facilitated dialogue, knowledge-sharing and analysis on issues related to forests and economic development and forest financing. That had resulted in a deeper understanding of the complexities of economic development and forest financing and generated unprecedented cooperation among member States, stakeholders and Collaborative Partnership on Forests members. She presented the three main components of the work: the 2012 Collaborative Partnership on Forests Advisory Group on Finance study on forest financing; the facilitative process expert meetings; and the forest and economic development studies. The 2012 Collaborative Partnership on Forests Advisory Group on Finance includes analyses on financing for all types of forests, from all sources and at all levels, and considers the link and connection of forests to other issues and sectors. It also contains examples and success stories which can be replicated elsewhere. She said that the six facilitative process meetings had been organized by the Forum secretariat, in which more than 121 countries, and 20 international and regional organizations, donor countries and major groups had participated. Responding to the strategic approach of the Forum to link the activities of the Forum to the findings of analytical studies on forest financing, facilitative process meetings were carried out for the small island developing States, low forest cover countries, Africa and least developed countries. She thanked the United Kingdom, Germany and the Global Environment Facility for their generous financial support for the facilitative process meetings. She stated that the Forum secretariat had produced three background studies on forests and economic development, namely, (a) economic contributions of forests; (b) forests and cross-sectoral linkages; and (c) changing future choices, and the contributions of forests. Those studies provide the latest research and thinking on issues related to the main theme of the tenth session of the Forum, and increased the understanding of the substantive links and connections to action on forest financing. While systematic assessment of the full values and contributions of forests, that is, cash and non-cash, market and non-market, is difficult to analyse owing to the absence of data, the studies show that forest-related economic benefits are not properly valued and are overshadowed by other sector values.

6. Mr. Paulino Franco de Carvalho Neto, Co-Chair of the second meeting, explained the organization of work, pointing out that the meeting was divided into plenary meetings on the first, second and fifth days, and two parallel working groups on the third and fourth days. The first day, he added, would be devoted to the presentations on the Advisory Group on Finance study, the Collaborative Partnership on Forests Organization-Led Initiative and the facilitative process. The second day would focus on findings from studies commissioned by the Forum, before moving onto country experiences and two keynote speeches. Experts would be able to engage interactively by participating in question-and-answer sessions. On the third and fourth days, working group 1 would look at actions on forest financing at the national level, while working group 2 would focus on actions at the regional and international levels. On Friday, participants would come together to discuss and adopt the report on the second meeting and take note of the Co-Chairs' summary, albeit without actual negotiations.

7. Mr. Hossein Moeini-Meybodi, Forum secretariat, introduced the list of documents: E/CN.18/AEG/2013/1 (Provisional agenda and annotations); E/CN.18/AEG/2013/BP.1 (Compilation of substantive submissions from Governments on forest financing); E/CN.18/AEG/2013/2 (Co-Chairs' summary of the Collaborative Partnership on Forests Organization-Led Initiative on Forest Financing in Support of the United Nations Forum on Forests); E/CN.18/AEG/2013/INF/2 (Secretariat note on the outcomes of the Rio+20 Conference, and the ongoing developments on the post-2015 United Nations Development Agenda). He added that all relevant documents for the second meeting had been provided to the participants on a compact disc (see www.un.org/esa/ forests/adhoc.html). The price of carbon on the forest financing study would be posted online by the end of the week and the reports of the two facilitative process meetings on forest financing in Africa and least developed countries were being finalized.

8. Mr. Heino, Co-Chair of the second meeting of the Expert Group, invited experts to participate actively and constructively in the second meeting and encouraged them to identify key actions and strategies for mobilizing funds for forests. He thanked the Forum secretariat staff in organizing the meeting, along with the United Kingdom and Finland for their generous financial support.

C. Tasks of the Ad Hoc Expert Group

Panel on the key findings of the 2012 Advisory Group on Finance study on forest financing

Summary of presentations

9. Ms. McAlpine, Director, United Nations Forum on Forests secretariat, was the facilitator of the panel presentation, and provided an overview of the work of the Advisory Group on Finance.

10. Mr. Moeini-Meybodi, Forum secretariat, presented an overview of the process of the 2012 Advisory Group on Finance study on forest financing and introduced the chapters and authors. He stated that the main goal of the 2012 study was to expand and update the 2008 Advisory Group on Finance study in the light of new developments. He introduced chapter 1, which addressed both private and public financing at the international and national levels. He said national forest financing relies mostly on domestic public funding, as 80 per cent of global forests are State-owned. The type of financing varies among countries depending on the structure of the government, but he added that in both developed and developing countries, the forest sector is facing low allocations of funds from national budgets. To the extent that financing relates to official development assistance (ODA), he said that the fourth Global Objective on Forests had been met with the significant increase in ODA due mainly to REDD-plus reducing emissions from deforestation and forest degradation financing; but that this financing focuses on middle-income high forest cover countries and while ODA financing to low forest cover countries and small island developing States is decreasing. The main conclusions of the study were that a lack of data was a challenge; and systematic, comprehensive and coordinated networks of data collection on forest financing were necessary, especially with regard to private sector financing and investment in forests linked to other sectors. While forest financing was increasing at the national and international levels,

progress was uneven across countries and regions. Finally, Mr. Moeini-Meybodi pointed out that carbon and timber investments are the most attractive issues to public international and private national and international funding.

11. Mr. Ian Gray, Global Environment Facility (GEF), highlighted the financing needs and gaps of the Rio Conventions. He raised the question as to why so many countries perceive resources for sustainable forest management as insufficient. He attributed it to an inability to quantify and articulate the full potential of forests and the existing flow of funds between forests and other sectors, and the belief among decision makers that forests provide limited opportunity for sustainable development. Forest financing among the three Rio Conventions is not always easy to tease out. Mr. Gray gave an overview of finance linked to (a) biodiversity; (b) climate change (green climate fund; special climate change fund; least developed country fund; adaptation fund and clean development mechanism), including REDD-plus (UN-REDD, REDD-plus Partnership, FCPF, FIP, voluntary carbon markets and national and regional initiatives), which benefit from a voluntary database; and (c) land degradation. GEF takes guidance and provides funding for the objectives of the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity and the United Nations Convention to Combat Desertification and has been funding forest projects since 1991. The GEF fifth replenishment provides an unprecedented level of funding for forests ($5 billion) through the new sustainable forest management/REDD-plus Incentive. While the Rio Conventions acknowledge the importance of forests and their multiple benefits, services and products, and while there are significant financing flows from the conventions to forests, it is necessary to identify how the financing addresses sustainable forest management. Mr. Gray concluded by noting that existing sustainable forest management funding falls short of demand while the full revenue-generating potential remains untapped. He pointed out that large gaps remain in information and data, and that capacity-building on forest financing is needed to improve understanding between financial and forest sectors.

12. Mr. Sven Walter, Global Mechanism of the United Nations Convention to Combat Desertification, summarized key barriers to financing sustainable forest management. He pointed out that limitations in forest financing are not due to a lack of financing in terms of volume but rather to a lack of capacity and knowledge to mobilize financial resources and properly value forests, and a weak enabling environment. There is inadequate knowledge among key decision makers outside the forest sector, weak linkages to other sectors, inadequate communication on the importance of forests and their products, and lack of data on the economic, social and environmental benefits of forests. He noted the clear need to make the case for the relevance of forests to sustainable development. In terms of policy and legislative frameworks, forest policy goals and priorities are often absent, existing dialogues and strategies often fail to identify financial resources needed or available, fiscal policies are insufficient and land tenure systems unclear. At the subnational level, stakeholders are often unable to secure funding because it is difficult to channel funds to the subnational level. External public funding is difficult to harness owing to the lack of technical capacities at the national level, complex application procedures and delays in delivery of funds. For the private sector, investments are often perceived as high-risk and forests are rarely considered as collateral. Clear incentives thus need to be introduced in this respect. In short, the main challenge is the mobilization of finance, not just the availability of funds.

13. Mr. Rao Matta, of the Food and Agriculture Organization of the United Nations (FAO), summarized chapter 5 of the Advisory Group on Finance study, which focused on successful country examples and initiatives. Mr. Matta emphasized the importance of referring to success stories as a source of opportunities in forest financing that can be scaled up and/or improved further. Chapter 5 brought together examples from countries across different continents and home to very different forest and tree ecosystems and included 11 national case studies (China, India, Indonesia, Bhutan, Kenya, Brazil, Mexico, Guatemala, Costa Rica, Burkina Faso and Zambia) and a regional one — the Great Green Wall. Of these examples, a number of common elements can be identified: (a) crises can be turned into opportunities; (b) forest and forestry should be mainstreamed in rural development policies; (c) the playing field should be levelled among forest stakeholders; and (d) an enabling environment should be ensured as the first step to attracting the private sector. The underlying factors of motivation were: strong government support and leadership at the highest level; good governance systems in place; efficient and robust, yet flexible capacities in the field; and strong local community involvement. He concluded his statement on the key role of a facilitative platform and a forest financing strategy in ensuring more effective implementation of sustainable forest management. He recommended including a national forest financing strategy on land management or sustainable forest management as one of the requirements for promoting financial resources.

14. Mr. Moeini-Meybodi pointed out that significant progress had been made in enhancing forest contributions to long-term sustainable development and promoting a wider understanding of sustainable forest management. The study found that mobilizing resources at all levels for forests requires an enabling environment and recognition of the full range of forest goods and services and integrated frameworks for action such as national forest financing strategies. He stressed that the implementation of the forest instrument was key and all opportunities to enforce its implementation should be utilized. He concluded by saying that further progress in forest financing requires the use of all opportunities and options at all levels, strengthening existing mechanisms and allocating a fund or funds to address sustainable forest management gaps.

Summary of interactive discussions

15. Mr. de Carvalho Neto thanked the panel for their presentations and opened the floor for questions. During the discussion, the Advisory Group on Finance work was seen as an excellent example of organizations and entities delivering a service collectively. An expert recalled that the working group on sustainable development goals was being established and the Forum should work to ensure that forest-specific sustainable development goals are included. He highlighted the Rio+20 information note from the secretariat that served to connect all those issues and the paper the Secretary-General would submit on the sustainable development goals. Another suggestion was to strengthen the Collaborative Partnership on Forests function to produce and deliver synthesized information on forest investments, forest ecosystem services and productive services indicating how results were achieved through collective measures, national measures, or by stakeholders. He highlighted the population shift to urban centres that would occur by 2050 so that an integrated approach to food production, land-use change, land management, forest use, and sustainable land use was needed. Also, governance issues such as rights and

responsibilities related to forests are already recognized in other forums, and the Forum should take that into account. There was a proposal to recommend to member States at the tenth and eleventh sessions of the Forum to agree to develop a forest strategy that includes resource mobilization for finance and investment. It was mentioned that it was surprising that the report stated that the global economic downturn had not had an impact on forestry. The point was clarified, however, that the figures referred to ODA and not all types of financing. A question was raised regarding whether there were mechanisms for sustainable forest management similar to international funding mechanisms in favour of heavily indebted countries. Other questions were raised on public-private partnerships and incentives such as tax breaks to encourage funding in forests. It was noted that the report states that countries can work regionally and subregionally to identify potential funding through public-private partnerships and integrated strategies. The importance of communication and sharing of information with the private sector was seen as essential to explore options for financing sustainable forest management. Often project scale is an issue in private-public partnerships and small and medium forest enterprises need to be considered. It was pointed out that there are examples of such partnerships in the study and the Collaborative Partnership on Forests sourcebook on forest financing has examples on how to promote investments through taxes and other incentives. Regarding practical suggestions to improve national databases and address some of the data gaps, such as with the private sector, it was noted that the Organization-Led Initiative recommends that Collaborative Partnership on Forests members work together on an integrated system of data generation in collaboration with countries; and the study lists different data collection mechanisms. Concerning types and levels of financing, the importance of the different values of forests, as well as the fundamental role of Governments in forest financing was emphasized. The need to finance capacity-building in the short and medium term, support to local communities and facilitating access to existing fund was also emphasized.

Outcome of the Collaborative Partnership on Forests Organization-Led Initiative

16. Mr. Ruales and Mr. Rojas, the Co-Chairs of the Organization-Led Initiative, held in Rome from 19 to 21 September 2012, provided an overview of the meeting outcomes.

17. Mr. Ruales explained that the Organization-Led Initiative was organized in response to two invitations by the Forum to the Collaborative Partnership on Forests, in the resolution of the special session of the ninth session of the Forum, and the resolution adopted at the ninth session. He emphasized that the Organization-Led Initiative had deepened understanding and knowledge on the state of forest financing and had clarified and broadened the scope of information for a knowledge-based discussion and negotiations grounded in reliable data during the second meeting of the Ad Hoc Expert Group. He invited the participants of the second meeting of the Ad Hoc Expert Group to use the results of the Organization-Led Initiative, and thanked the Forum secretariat and FAO for organizing the Organization-Led Initiative.

18. Mr. Rojas provided a substantive overview of the Organization-Led Initiative. He noted that 150 experts from 69 countries, 21 regional and international organizations, and major groups had participated in the meeting. At the national

level, there was a call to promote cross-sectoral linkages and setting up an enabling framework for effective institutions, recognizing the importance of national forest planning and other strategies and capacity-building to access funding. ODA was recognized as a catalyst and seed funding and the value of simpler language for better communication was stressed. At the international level, the GEF was identified for specific tasks. Several institutional mechanisms were stressed, such as the creation of forest financing coordination platforms and exploring broker institutions and networks to facilitate access to funding at different levels. Opportunities at the national level include: raising awareness through data provision and sharing information with other sectors. At the international level, the Organization-Led Initiative recommended considering combining different funding mechanisms, examining the impact of corruption, recognizing the broad and varied nature of the private sector, the special consideration to dryland forests, and the need to improve understanding of sustainable forest management. It was recognized that forest financing requires a combination of different measures and the involvement of all stakeholders. There was a call to use the potential of the facilitative process "brokerage services" and of climate change financing for a meaningful decision to be reached at the tenth session of the Forum and a future international arrangement on forests at the eleventh session.

Summary of interactive discussions

19. Comments and suggestions included: using the Organization-Led Initiative outcome and recommendations in the summary of the Co-Chairs of the Ad Hoc Expert Group; broadening the financial scope and the basis for sustainable forest management and improve at the global level the strategic framework given the mandates of the various multilateral financial institutions on forest finance issues; and taking into account the outcomes of other processes such as climate and biodiversity which could impact the forest process. Mr. Ruales underscored that the Organization-Led Initiative had demonstrated that it was possible for different agencies and specialized organizations to work together and pool their contributions. Mr. Rojas pointed out that the support of five countries to the Organization-Led Initiative was vital to its success. He also mentioned the importance of streamlining and pooling together processes with the example of the joint questionnaire on forest data. He added that the next step would be related to indicators for forest funding and socioeconomic indicators. While increasing biodiversity financing has a positive effect on sustainable forest management, nevertheless, the Collaborative Partnership on Forests has not been engaged in how the Convention on Biological Diversity could improve the funding for forest financing. Mr. de Carvalho Neto noted that the decision taken at the eleventh Conference of the Parties to the Convention on Biological Diversity to double the total biodiversity-related international resource flows to developing countries, least developed countries, small island developing States and countries with economies in transition by 2018 and pointed out that that would impact on protected areas and forests. Ms. McAlpine said that the Convention on Biological Diversity Conference of States parties had taken a decision on cooperation and pointed to the importance of cooperation for the work of the Collaborative Partnership on Forests and the United Nations Forum on Forests.

Panel on the outcomes of the facilitative process meetings on forest financing

20. Mr. Benjamin Singer, of the United Nations Forum on Forests secretariat, facilitated the panel presentations and provided an overview of the facilitative process on forest financing.

21. Ms. Karoliina Lindroos, representative of the Finnish consulting company Indufor, summarized findings of the studies on forest financing in Africa and the least developed countries. The studies covered 54 countries and break down into eight papers: two on Africa, two on the least developed countries and four country case studies (the United Republic of Tanzania, Uganda, Tunisia and Nepal). Data was collected using various methods, including data mining and an in-depth study of the four country case studies. The studies rely primarily on existing data, and focus largely on ODA in the forestry sector. Both Africa and the least developed countries show a progressive drop in forestry ODA in the 2002-2008 period, followed by a sharp increase in the past four years, owing mainly to REDD-plus. However, the distribution of forestry ODA among countries is highly skewed, with a handful of countries each time receiving the vast majority of funds. The emergence of REDD-plus funding has further exacerbated that trend. Conclusions include the identification of a forest financing gap at the level of research and development, carbon as a promising source of financing and the rapid growth in domestic demand for forest products.

22. Mr. Oyétoundé Djiwa, Co-Chair of the first workshop on forest financing in low forest cover countries, provided an overview of the main findings of the workshops held in Tehran from 12 to 17 November 2011, and Niamey from 30 January to 3 February 2012. The workshops brought together 35 low forest cover countries and 12 regional and international organizations and made the following recommendations: (a) implement measures to overcome limited political will to address forest financing and reveal the full value of forests in low forest cover countries; (b) promote cross-sectoral cooperation by taking forests beyond the forest sector and overcome weak interministerial and intersectoral dialogue; (c) ensure that forest financing remains sustainable over the long term; (d) the full range of forest products and services needs to be tapped into, particularly non-timber forest products, as sources of forest financing; (e) measures should address the important role of the private sector in mobilizing additional financing and investments in forests; (f) recognize the specificities and in particular the strengths of forests and trees outside forests in the low forest cover countries; (g) advocate a catalysing role for the United Nations Forum on Forests in several ways; (h) strengthen the Tehran Process secretariat for low forest cover countries, and in particular seek greater ownership of the process and involvement by the low forest cover countries; and (i) set up regional economic committees and strengthen regional organizations, such as the Permanent Inter-State Committee for Combating Drought in the Sahel (CILSS).

23. Ms. Vindrani Shillingford, Co-Chair of the second workshop on forest financing in small island developing States, summarized the findings of the two workshops on forest financing in those States, held in Trinidad and Tobago from 23 to 27 April 2012, and Fiji from 23 to 27 July 2012. The workshops brought together 56 experts from 12 small island developing States and low forest cover countries. The main recommendations included, inter alia: (a) the need to recognize and take into account the specific needs of small island developing States and low forest cover

countries; (b) forest financing and sustainable forest management to include trees outside forests; (c) recognize the importance of the non-financial values of forests and of non-timber forest products; (d) develop a communication strategy that conveys the multiple values of forests and trees outside forests (economic, social and environmental); (e) provide training to improve/strengthen the capacity at the national level for preparation of funding proposals, project implementation, monitoring and evaluation; (f) address the heavy bureaucracy for accessing funds — simplify the administrative processes and procedures for small island developing States; (g) establish a national focal point committee in an effort to improve the coordination and collaboration of countries and regional organizations urged to support South-South cooperation and exchange experiences with small island developing States and low forest cover countries on forest financing; (h) member States should empower local groups, communities and indigenous peoples through facilitating and providing forest financing programmes, projects and initiatives in small island developing States and low forest cover countries; and (i) promote interministerial collaboration through the creation of a cabinet-appointed committee to develop a cross-sectoral and cross-institutional budget.

24. Mr. Oppon Sasu, Co-Chair of the second workshop on forest financing in Africa and the least developed countries, provided an overview of the findings of the two workshops on forest financing in Africa and the least developed countries, held from 10 to 12 December 2012 in Senegal, and from 8 to 10 January 2013 in Kenya. Seven groups of recommendations emerged from both workshops: (a) in order to better communicate on the importance of forests to national economic development and human well-being, the need to improve knowledge beyond the forest sector and ODA, and develop advocacy strategies on a full ecosystem valuation, focusing on key figures that will influence decision makers, as currently implemented by the United Nations Environment Programme; (b) develop national forest financing strategies that promote the diversification of sources of funding, capitalize on cross-sectoral opportunities and incorporate national funds; (c) build on regional synergies using Central African subregional organizations as a success story; (d) promote further knowledge on the impact of political instability on forest financing, coordinate with crisis units to integrate quick-impact measures and associate them with emergency funds from donors; (e) call upon the United Nations Forum on Forests and the Collaborative Partnership on Forests to assist in assessing the viability of climate change financing in countries which have not yet benefited from such sources; (f) set up national cross-sectoral coordinating committees composed of the focal points of Collaborative Partnership on Forests members with the aim of enhancing coordination of donors and overseeing the development and implementation of national forest financing strategies; and (g) call upon Collaborative Partnership on Forests members to assist in building capacity among national stakeholders for the development of viable project proposals.

25. Mr. Singer summarized the key take-home messages of the six facilitative process workshops into four major groupings. First, just as the main causes of deforestation come from outside the forest sector, so many solutions to forest financing are to be found in other sectors than forests. There is a general call to explore and identify cross-sectoral sources of forest financing, such as (a) agroforestry (for instance, shea nuts in Burkina Faso, gum arabic across the Sahel, and fruits and nuts in the agrobiodiverse forests of Central Asia); (b) food security (with hundreds of millions of people depending on forests for protein and fruit, among others);

(c) ecotourism (especially, but not only, in the small island developing States), and landscape approaches such as the ridge-to-reef approach, by emphasizing how forests near coastal areas prevent siltation and help protect fish stocks (hence food security) and coral reefs (hence ecotourism); and (d) forest landscape restoration (with all its potential to attract international funding, such as in China and Rwanda). Secondly, there is a need to carry out estimates of the total economic value of forests and especially focus on those figures that convince decision makers most (job numbers, hectares irrigated thanks to forests and agricultural production, millions of dollars saved through flood prevention). UNEP is already implementing a project addressing this issue. Thirdly, workshop participants expressed the need to establish national forest financing strategies that call for a diversification of forest financing sources (by combining different sources, the limitations of each type of financing source can be overcome). Last but not least, there is a call for a more equitable distribution of climate change funds. Studies show a strong skew or concentration of funds in just a handful of countries. There is therefore a need to assess the viability of climate change financing in countries that have benefited from climate change financing to a lesser extent so far, including, but not only, small island developing States and low forest cover countries.

Summary of interactive discussions

26. The difficulties for low-carbon countries to use climate funds focused on carbon dioxide storage was raised. It was noted that the United Nations Forum on Forests had developed a project proposal seeking other solutions for low-carbon countries. However, it was clarified that REDD-plus is not limited to carbon storage and is considering sustainable forest management. In addition, the possibility of countries being considered in groups was noted as a means of reaching the critical mass of carbon and make climate change financing viable economically. The focus on small island developing States and low forest cover countries was seen as a good new direction and that a focus on cross-sectoral cooperation was needed as it was appearing as a common theme under the facilitative process. On the role of forests in the post-2015 development agenda and impacts on forest financing, it was highlighted that the Trinidad workshop had a recommendation on that issue but a paper was being prepared for the tenth session of the Forum on the issue. FAO advised that forest's low share of gross domestic product (GDP) should not be taken for granted, as forestry is an important economic activity in an increasingly urbanizing world. The multiplier effects and forest externalities have not been communicated appropriately. FAO also pointed out that FAO and GEF support all eligible countries in drafting project-funding proposals and both FAO and the United Nations Development Programme work with small countries on REDD-plus funding. The funding is advancing on linking to national adaptation programmes. A question was raised about whether forest financing workshops had encouraged increases in financial flows from local funds. Another expert recalled the decision of the Forum on forest financing which identified the need for a global forest fund as a priority. He noted that that would be important for the eleventh session of the Forum concerning the status and possible review of the Non-legally Binding Instrument. He also mentioned the specific proposal by the Group of 77 and China as part of the compilation of government contributions. The Co-Chair noted that that issue would be given due attention later in the meeting. Mr. Singer pointed out that the primary aim of the facilitative process projects was to assist developing countries to mobilize forest financing but that more data was needed first.

Presentations on actions on forests and economic development (Part I)

27. Ms. Uma Lele, independent consultant and former World Bank senior adviser, provided an overview of a background study prepared for the tenth session of the Forum on the "Changing roles of forests and their cross-sectoral linkages in the course of economic development". Key areas of analysis included cross-sectoral factors affecting forest change (loss and gain), including overall land-use change; possibilities for accelerated economic growth in conjunction with sustainable forest management; and implications for forests given the current and historical trends in the global economic context. She stressed the need for an integrated cross-sectoral approach and development of landscape policies and the potential for greater South-South cooperation for knowledge transfer and capacity-building based on experiences with successful payment for ecosystem services in middle-income countries. She pointed out that with accelerating globalization, global trade in forest and agricultural products had increased, which in turn had increased economic incentives to deforest. In addition, biofuels policies and subsidies have added pressure on forests through land-use changes. She stressed that demographic pressures, urbanization and income growth have expanded markets for food, agriculture and mineral commodities, adding further pressures on forests. She noted that reduced forest loss and increased gain over the last two decades had been achieved despite accelerated rates of global economic growth. Those positive developments had been achieved by developing countries, without much external financing. In this context, she highlighted the efforts of middle-income countries, and provided examples from Brazil, China and Mexico, which have implemented natural resource management policies and programmes that utilize a cross-sectoral approach. In addition, she pointed out that over the past 20 years, there has been a tendency to view forests through a single-factor focus — in the 1990s the lens was biodiversity and now the lens is carbon and climate change. She noted that weak institutions and poor governance remain widespread challenges for forests, which are closely linked to the national context of political will, information and knowledge base, country capacity and opportunity cost of land use.

Summary of interactive discussions

28. An expert stated that he did not have much hope for the REDD mechanism given developments at the United Nations Framework Convention on Climate Change and that instead work was ongoing on internal carbon offset and voluntary carbon mechanisms. On the need to reform policies and laws in order to enhance payment for ecosystem services, Ms. Lele noted that payment for ecosystem services was popular in Costa Rica, Mexico and China. In China, it was a result of treating deforestation in a holistic way and recognizing that floods and droughts in the late 1990s were caused by heavy deforestation in watersheds. In response there was a logging ban and payment for ecosystem services programmes in China. However, there was only weak evidence that payment for ecosystem services had an impact on reducing deforestation, emissions and water flows, perhaps because many of those programmes were new. Ms. Lele stressed the fact that landscape and land-use policy approaches (such as intersectoral planning) were essential as natural resource problems are interlinked and cannot be resolved in isolation. In addition to China, Mexico and Brazil were working on intersectoral approaches. It was suggested that the basis for the solutions was in the enabling conditions more than

the financing. On the issue of how foresters could move to intersectoral cooperation and planning and engage with other sectors, the Co-Chair said that enabling conditions were important but also needed the financing to get there. Ms. Lele said that the factors that drive deforestation are so powerful that looking at forest policy is not enough. She noted that the lessons of the past have not been learned as the focus on biodiversity has been changed to a focus on carbon. Many developing countries have a multisectoral approach as their populations are growing rapidly and urbanization is increasing. She suggested that the exchange of information and experience between developing countries, through South-South cooperation, would accelerate learning, and create an enabling environment that is more suitable to their situation. Responding to a question on the issue of "exporting deforestation", she explained that deforestation cannot be looked at in one country alone without looking at its trade linkages.

Presentations on the findings of the study of the impacts of the price of carbon on forest financing

29. Mr. Evan Johnson and Ms. Asako Takimoto, consultants at the United Nations Forum on Forests secretariat summarized the main findings of the study, which was funded by the Government of Norway. The paper identified potential impacts of results-based REDD-plus finance on the economics and financing of forests and related land use. The study set out to answer four questions: (a) what is the current scope of REDD-plus activities and financing?; (b) what are the consequences of pricing forest carbon in forest and land use in developing countries?; (c) how does forest carbon pricing affect REDD-plus stakeholders' behaviours, including national Government, forest-dependent communities, the private sector, non-governmental organizations and donor agencies?; and (d) what is needed for the appropriate REDD-plus financing for more effective sustainable forest management implementation? The study concluded with a number of recommendations, including the need for long-term sustainable financing, the need for safeguards and co-benefits, and the need for REDD-plus to address the drivers of deforestation, whether inside or outside the forest sector.

Summary of interactive discussions

30. Experts shared comments and information on action taken by countries regarding forest financing, national adaptation programmes, ecosystem restoration, carbon pricing, implementation of REDD and other activities. Questions on improving the distribution of beneficiaries under REDD-plus programmes and removing barriers to support emission trading schemes on forest carbon were raised. Experts mentioned the need for regional options to fit the countries' needs (such as regional forest law enforcement and governance initiatives) and problems related to biofuels crop production and export. On the distribution of REDD-plus beneficiaries, the panellist responded that REDD-plus funding is not yet uniform under the United Nations Framework Convention on Climate Change and overcoming those issues highly depended on Framework Convention negotiations and how the safeguard equity and integrity issues are considered and placed under a unified REDD mechanism. He added that while there is public sector funding included in REDD-plus, there is a concern about the risk that it would stop, especially for project-based efforts. There would be less risk for projects embedded

in national programmes and there is movement in that direction. There is little known on stakeholder changes in behaviour, only how stakeholder groups will respond to REDD-plus and how they will interact with REDD. The panellist agreed that countries should choose the programmes that best allow them to manage their forests sustainably as sustainable forest management is the ultimate goal. For example, countries with high deforestation should focus on restoration and countries with low deforestation should focus on conservation. But there could be problems with sustainability; some countries need to receive payments for continued reduction and REDD-plus offers sustainable financing for efforts that cannot be sustained through other mechanisms.

Presentation on the private sector's action in forest financing

31. On behalf of Lloyd Irland and himself, Professor Benjamin Cashore of Yale University (United States of America) presented a study on the implications of the economic and social contributions of forests for the private sector's role in forest financing. He emphasized the wide range of current and potential private sector financing interests as well as the multiple sectors where financing could be identified. Implications for forest financing were broken down into type 1 (direct), type 2 (indirect) and type 3 (where economic contribution of forests reinforces cultural and environmental goals). While employment and GDP are still very important, they have both been declining (unless other sectors are taken into account, such as palm oil) in favour of global trade, with increases in value added, and especially visible in Brazil and Indonesia. From a social perspective, despite a lack of systematic data, examples include companies providing schools, hospitals, and skills training and other enrichment activities, hypothetically leading to increased standards of living and improved health, among other effects. From an economic standpoint, while forest contributions to the forest sector (notably in terms of timber) are well known, they are very difficult to assess in other sectors. Much of the literature challenges economic globalization on the grounds that it goes against "traditional" cultural values and increases biodiversity loss, but synergistic examples raise the question whether they can be nurtured. For instance, studies show a positive correlation between palm oil plantations areas and that of protected areas. Prof. Cashore asked whether greater conservation could lead to greater opportunities for forest financing in commercial activities.

Summary of interactive discussions

32. During the subsequent discussion, New Zealand clarified the point that the forest accord mentioned in the presentation was a development between industry and conservation groups and took several decades of debate between those that opposed forestry in natural forests and plantation forestry, which resulted in the policy to limit development of plantation forests. It also generated economic development in the Maori communities with their involvement in the business of forestry and maintenance of cultural values within the forests. There were several observations, including on the transformation in the forest industry which was moving from traditional forest products like timber to low volume, high value products; the trend towards urban population and how people within cities respond to the economic values of forests; and the need to consider the issue of gender in the analysis. There were also several comments on the palm oil tree definition brought

up by the presenter. The United Nations Forum on Forests Director thanked business and industry for financing the research and hoped that the business and industry sectors from developing countries, emerging economies, and developed economies would participate in United Nations Forum on Forests forest financing discussions. Other observations from the floor referred to the need to consider natural forests and not just plantations; and give value to forestry products, increasing product yield or the value of those products. The Co-Chair mentioned the necessity of balancing the needs of the private sector when dealing with public goods. Prof. Cashore said that on the issue of added value, while traditionally one would encourage reducing the focus of economic activity on raw materials, looking through the lens of value added manufacturing, timber extraction could diversify the sector directly and indirectly. Value added versus primary processing becomes very important in terms of trade so the report opens up this discussion. He said that since most forestry is carried out by private investment, the report looks at the specific question of the financing of plantations; also traditionally natural forest management does not provide the return on investments that plantations provide. Another expert brought up the importance of assessing forestry management in villages with more densely populated communities, or major concessions in southern Africa, where compromises are made even with protected areas nearby. Prof. Cashore said that the OECD cases may not be applicable in other regions, but some lessons could be learned on how different interests can come together to champion mutual interests on an overall land use approach especially if it helps forest financing objectives. He gave some examples, such as allocation of land for community forestry, joint agreement of stakeholders on land use plans, and the relationship between intensive activities in one place that are causing biodiversity to be protected elsewhere.

Presentations on action on forests and economic development (Part II)

33. Mr. Arun Aggarwal presented an overview of two background studies prepared for the tenth session of the United Nations Forum on Forests on the economic contributions of forests and changing futures, choices, and contributions of forests. He pointed out that overall the full extent of the contributions of forests to economic development is underestimated. The formal economic contributions of forests are equivalent to double the sum of global ODA, and worth more than global gold and silver production per year combined. He noted that despite limited data, the non-cash contributions of forests to economic development are inferred to be even larger than the formal cash contributions. He said non-cash forest values are two to five times greater than cash contributions, according to most studies, while estimates of the value of forest carbon and ecosystem services range in the trillions. He pointed out that while the overall value of the economic contributions of forests has been increasing, the proportionate share of forests to global economic output, workforce, and exports has been declining, while other sectors have grown at faster rates. Analysis of data from Aid Data shows a decline in international aid for forests since 1992. At the same time, he noted that the formal economic contributions of forests in developing countries were estimated to be more than 300 times that of available ODA flows. Reflecting on global trends impacting the economic contributions of forests, he highlighted the impact of demographic change, urbanization, agricultural commodities and trade. He described a "double squeeze" on forests — from a growing middle class with greater purchasing power

contributing to greater global demand for food, fibre and fuel, juxtaposed with declines in agricultural and forest productivity from climate change impacts on temperature and water scarcity. He noted that trends in natural resource management show that as economic development increases, there is a corresponding transition from natural ecosystems to managed ecosystems. With the "double squeeze" driving greater demand for commodities, the market values of annual crop output are greater than annual forest output per unit area. To shift this balance towards a "forest transition" he noted the potential for landscape restoration and crop expansion in degraded lands (2 billion hectares) in helping to reduce pressure on forests. At the same time, he emphasized the need for improved monitoring and data collection on cash and non-cash contributions of forests, including through extensive deployment of information technology. He stressed the importance of positive enabling conditions from good governance to inclusive decision-making; to better market access for small and medium forest enterprises and the need for a cross-sectoral, landscape approach to natural resource management.

Keynote speeches: feasible and realistic national and international strategies to finance forests

34. Mr. Markku Simula presented his views on feasible and realistic strategies to finance forests at the national and international levels. He began by pointing out that considerable progress had already been achieved on forest financing, with shared responsibilities, the recognition of multiple solutions, sources and types of forests, the necessity for enabling conditions, the identification of gaps, obstacles and opportunities, and the need for coherence and coordination, among other issues, but added that much remains to be done. Financing for forests may come from different areas, such as climate change, biodiversity, private financing and poverty reduction, but the need for financing beyond carbon and biodiversity needs to be emphasized. Pending strategic issues include the following: (a) how to mobilize new and additional financing; and (b) which strategies and mechanisms should be arranged, and notably whether existing funds and mechanisms should be strengthened, or whether new ones should be set up. Concerning existing mechanisms, many of them remain underutilized and many opportunities exist for countries to seize and they should be encouraged to take advantage of them. However, coordination and harmonization could be improved, especially as the landscape is increasingly fragmented. In particular, the facilitative process has seen few of its ambitious functions fulfilled. Concerning the second option — a global forest fund, for which all countries and all types of forests would be eligible — risks duplicating many existing mechanisms. Uncertainty also remains as to how it would be funded. He then detailed a possible modus operandi for such a fund and underlined constraints, such as potential unequal access and the need to balance funding among beneficiaries. He also pointed out that private funding is as important as public funding and should not be set aside, and stated that in the current landscape of forest financing, both competition and duplication remained important.

35. Ms. Uma Lele presented a keynote address entitled "Sustainable forest financing or financing of sustainable natural resource management through landscapes: Reconciling tensions between financing instruments and sustainable development needs", in which she highlighted the interlinkages between land-use change and uncertainties stemming from global financial, commodity and land

market integration. She pointed out that there are interconnected "insecurities" that link poverty, water, food and energy, and activities to address them are funded largely by national sources. In the context of the global food challenge caused by growing demand and slowing agricultural yield growth, among other factors — she noted the role of biofuel policies and subsidies as a "wild card" that would affect croplands, grasslands, permanent crops and forests. She highlighted differences of financing and sustainable development challenges for middle-income versus low-income countries; where middle-income countries have a greater focus on knowledge transfer and low-income countries still require financing to help address challenges related to insufficiently developed markets and limited skills and capacities, among other factors. She emphasized that forests make large contributions to GDP, larger than measured, and that the non-quantified/quantifiable contributions of forests are substantial. In looking at aid flows, she pointed out that most new forest financing has focused on climate change and biodiversity; and that there is uneven distribution of ODA among low-income countries. At the same time, she emphasized the important catalytic role of donor funding in supporting innovation and new ideas to respond to the real needs of developing countries. She stressed the need for greater South-South cooperation to enable exchange of policy, institutional and technological innovation such as real time data on forest cover, enforcement of forest laws, domestic resource mobilization, payment for ecosystem services, and sustainable energy solutions.

Summary of interactive discussions

36. An expert noted that the new funding mechanisms under the International Tropical Timber Organization in the form of thematic programmes are not underutilized and had helped mobilize resources for sustainable forest management. Further, the fact that there are existing financing mechanisms cannot be the rationale for not establishing a new fund. Another expert noted that there was a need to understand why existing funding mechanisms are underutilized but thought that it was owing largely to conditionalities and that that is one reason why developing countries need a global forest fund. He also recommended an intersessional meeting to facilitate development of the architecture and structure of a global forest fund by the tenth session of the Forum. The fact that the development of the BRICS (Brazil, Russian Federation, India, China and South Africa) bank is advanced was highlighted and although it could help complement any forest financing mechanism, it would not substitute for the need for a global fund. Another expert noted that the problem of fragmentation of financing is a problem that needed to be addressed at the national and international levels. The discussion ended with the recommendation for forest research financing within the context of cross-sectoral research financing of sustainable forest management.

Working Group I: Identification of national actions/strategies to mobilize financing for forests (Part 1)

37. Mr. Subhash Chandra, representative of India, made a presentation on guaranteeing rural jobs to build a green infrastructure in India. He opened the presentation with figures, notably the 76.9 million hectares of forest that India is home to, the fact that 98 per cent of forests are government-owned and the high human pressure on land in India is due to a large population. Pressure on forests

comes in different forms, namely, grazing by half a billion livestock, which affects 78 per cent of forests (including 20 per cent severely); the 350 million cubic metres of wood fuel collected annually; the 200 million tons of fodder produced every year; and fires, which affect 54 per cent of India's territory. However, the Government of India has set up a number of policies to address those issues, notably Joint Forest Management (since 1990), the creation of forest development agencies, eco-development committees and ecotourism initiatives. More recently, the Mahatma Gandhi National Rural Employment Guarantee Act set up the National Rural Employment Guarantee in 2006 to provide employment to populations less well off. That has provided a labour force for forests in areas such as water conservation and harvesting, land development, flood control and prevention. Finally, India has set up a National Mission which seeks, among other issues, to increase forest cover by over 5 million hectares, improve ecosystem services over 10 million hectares and improve the forest-based livelihoods of 3 million households. Additional initiatives include a National Afforestation and Eco-Development Board and recognizing rights of local communities through the Forest Rights Act (2006).

38. Mr. Peter Gondo of the African Forest Forum provided an overview of financing forestry in Africa. Stressing that the region had not benefited from the new and emerging sources of financing because of complicated procedures and lack of capacity, small-scale and informal private sector actors were the main domestic investors contributing close to 70 per cent. Payment for ecosystem services mechanisms have potential, but weak institutions and fragmented responsibilities, lack of financial and technical capacity, high transactions costs due to a proliferation of sources, and complicated lengthy administrative procedures continued to pose challenges. At the national level, he recommended developing comprehensive national forest financing strategies, including national forest funds as part of national forest programmes; a combination of financing instruments required to mobilize adequate resources; better integration of forests within national development frameworks, creating an enabling environment for investment in sustainable forest management; and strengthening microfinance to improve access to resources for smallholders. Regarding private sector engagement, recommendations included mobilizing investments for and from the smallholders sector, especially community-based forest groups; improved access to finance, both formal and microfinance; improved security of forest tenure and governance; and partnerships with communities and financial institutions. He also highlighted the need to strengthen the role of regional economic bodies and networks through brokering and capacity development; and partnerships with regional development banks, such as the African Development Bank and the Development Bank of Southern Africa.

Summary of interactive discussions

39. Experts welcomed the recommendations highlighted in the presentations. The main comments were that the recommendations and suggested forest financing strategies at the national and international levels would be used by the working group to develop the key elements for forest financing action.

Working Group I: Identification of national actions/strategies to mobilize financing for forests (Part 2)

40. Ms. Laura Gabriela Rivera Quintanilla provided a presentation on FONAFIFO, Costa Rica's National Forestry Financing Fund. She introduced the presentation with an overview of forests, which currently cover 52 per cent of the country's surface area after decades of sharp deforestation rates. However, figures show that forest cover has remained constant since 2005. FONAFIFO was set up in 1990 as a financial mechanism for the recovery and conservation of forest cover and is a fully decentralized body within the State Forestry Agency. It relies primarily on a 3.5 per cent tax on fuels and one-time grants, agreements with external organizations and Governments and a range of other national and international sources. One of the main policy instruments it finances is payments for ecosystem services that focus on natural regeneration, reforestation, agroforestry systems, forest protection, water resource protection, protection of forest conservation gaps and forest management. A national label was even created known as ESC (Environmental Services Certificate). Organizations benefiting from this label are able to apply for tax deductions and are able to use the label for marketing purposes. In short, FONAFIFO is a successful initiative that could easily be replicated in a large number of countries.

41. Mr. Tolulope M. Daramola, focal point of the Major Group for Children and Youth, provided a presentation identifying national actions/strategies to mobilize financing for forests. He highlighted the need to mobilize funds from government, the public and private sectors, payment for ecosystem services and philanthropists. He suggested that in order to mobilize adequate funding especially from local communities, it is important to raise awareness, establish supportive policies and legislation and promote participation, especially of women and youth. He also suggested using a wide range of mechanisms, including public-private partnerships, establishment of ForestNaire Clubs (clubs of celebrities with interest in forests) and citizen carbon tax. He also noted the importance of microfinance as a source of financing community activities especially considering the importance of the informal sector in developing countries. During the discussion, there was further clarification of the role of microfinance especially in supporting small-scale forest-based enterprises and alternative livelihoods.

Summary of interactive discussions

42. Experts commented on how the case study of FONAFIFO had illustrated the importance of clear tenure status. It was explained that that was already in place and not developed in parallel with implementation of the new mechanisms. It was also further explained that "clean trip" money in-flows to the forest sector also come from voluntary contributions and certificates issued that show the destination of the contributor and that that is a transparent process. There was also further inquiry into what motivates the private sector to participate in the environment certificates scheme. The response was that the private sector benefits in several ways, including tax benefits and good public image. It was also further explained that the 1996 forestry act provides for 3.5 per cent of the tax on fuels to go directly to forest management. The follow-up discussion centred mainly on how microfinance can mobilize forest finance. It was explained that microfinance can support some small-scale community-based forest enterprise activities. This is being practised in various

countries and an example was given of use of such financing in harvesting and processing of gum arabic. The representative of Ghana presented an example of the use of such funding to support alternative livelihoods.

Working Group I: Identification of national actions/strategies to mobilize financing for forests (Part 3)

43. Mr. Jean Akossongo (Burkina Faso) made a presentation on women's shea butter cooperatives in Burkina Faso as a fair and sustainable source of forest financing. Shea is the fourth largest export in Burkina Faso and a special source of income for women, who largely control the product's chain of custody. Women's cooperatives negotiate shea concessions with landowners, thus protecting the trees against logging and other unsustainable forms of management. In 2011, shea produced an income of nearly FCFA 29 billion, i.e., 0.6 per cent of the country's GDP. Exports have been growing steadily thanks to increasing demand in Europe, North America and West Africa. However, constraints remain numerous and include the lack of adequate training, a dwindling resource, distantly located trees, competition over the resource, insufficient knowledge of the variation in shea prices, lack of storage infrastructure, logging and fires, parasites and early harvesting of unripe fruit. At the level of transformation, there is a clear lack of transformation units and technical knowledge, which in turns leads to scarcity in high-quality locally produced shea butter. Lack of knowledge of market fluctuations, strong competition with imported products and difficulty in selling the produce all hamper the third level of the chain of custody — commercialization. In short, shea production and transformation have considerable potential in Burkina Faso, but it continues to be limited by a large number of constraints.

44. Mr. Bryan Adkins, of Wildlife Works of Kenya, gave a presentation on the Kasigau Corridor REDD-plus project. He explained that Wildlife Works is a REDD development and management company that leverages private sector investment to fund sustainable management of tropical forests and is implementing projects in Cameroon, the Democratic Republic of the Congo, Kenya, Ethiopia, Zambia, Asia and Central America. Under the Kasigau Corridor REDD-plus project, the company is managing over 200,000 hectares of forests in partnership with the communities and the Government of Kenya. The project is assessed and monitored under both Verified Carbon Standard and Climate, Community and Biodiversity Alliance standards, ensuring that safeguards are met. A major highlight is the focus on and development of co-benefits to communities from alternative livelihood projects that include production of eco-charcoal, schools, community-based enterprises, e.g., sawing companies, and to date the company has created about 400 jobs. The project currently generates about 5 million voluntary emission reductions annually that are saleable on the voluntary market. Some of the key factors for the success of the project include a good enabling environment and institutions network, flexible forest financing right from the outset and investment incentives. From the ensuing discussion of the paper, it was explained that strong legitimate community institutions are essential for ensuring that benefits accrue to all members of the community. It was also highlighted that financing for such a project requires a combination of sources, including the private sector, grants and government input (public domestic).

Summary of interactive discussions

45. In response to Burkina Faso's presentation, GEF endorsed the shea butter example to highlight the benefits of intersectoral cooperation. In a recent project in Africa, GEF linked the Ministry of Environment (where the forestry agency resides) with the Ministry of Trade to facilitate the cooperation between the two organizations. By doing so, it mainstreamed forest products in a national trade strategy which subsequently allowed the forestry sector to access trade financing to promote forest products. Regarding promoting women's role in forest-related economic activities, Burkina Faso's efforts were praised as providing women with substantial economic and business opportunities in the non-timber forest products enterprises, and a question was asked regarding Kenya's efforts in that regard. Mr. Adkins stated that their enterprises were able to provide employment opportunities enabling local women to transition from unstable dangerous informal sector employment to better livelihoods. On the question of attracting sufficient start-up capital for a for-profit REDD-plus private enterprise, he pointed out that site visits had been the most effective way to have banks express an interest in providing critical initial capital, as start-up costs can be prohibitively high. In that way they were able to access funds provided by the French global banking group BNP Paribas. In addition, a global company PPR (the parent company of Puma) bought 5 per cent of the stake in the company, which also provided significant jump-start capital for the endeavour. Specifically on investment and revenue generation, he mentioned that a $10-$12 investment per hectare provided approximately $200$50 gross revenue per hectare. When responding to Zimbabwe's question as to why they are not claiming credits on reforestation projects now, he confirmed that the decision was solely an economic one as the scale of reforestation efforts undertaken at the moment was not enough to cover the high costs of taking part in the scheme.

Working Group II: Identification of international actions/ strategies to mobilize financing for forests (Part 1)

46. Mr. Gary Dunning, The Forests Dialogue, summarized the key findings of The Forests Dialogue initiative on investing in locally controlled forestry. The core work of The Forests Dialogue is to develop multi-stakeholder processes to look at opportunities to improve sustainable forest management at the global level. One of those processes was focused on increasing investment in locally controlled forestry. The dialogue initiative was created with the Growing Forest Partnerships, a collaboration between the International Union for the Conservation of Nature, the International Institute for Environment and Development, and FAO, with the support of the World Bank and the Swedish International Development Cooperation Agency. It was a three-year process involving 60 countries, 10 dialogues and 400 stakeholders. Investors were asked about their priorities, what needed to be in place to consider these types of investments, and where they could see positive cases of locally controlled forests. The objectives of the initiative were to share learning and improve trust through an agreed investment framework between forest rights holders and investors; and identify ways forward and catalytic actions. It was evident that good opportunities existed in locally controlled forestry for a reasonable return on investment while advancing environmental and developmental goals. The problem was that financing mechanisms were not oriented towards those types of activities. The Forests Dialogue research showed the types of investment

that would support that type of forestry: asset investment (profit-oriented investors) and enabling investment (provided by ODA, and environmental, social or research groups to help create enabling conditions for commercial success). The enablers help attract asset investment in order to support local community forests, which provide livelihoods for a billion people, and goods and services worth $75-$100 billion per year. To ultimately scale up investment in locally controlled forestry, the framework has three phases: an exploration phase with objectives, a series of actions, and a scoping dialogue to explore what is possible and how to lead the process; an engagement phase to bring in multiple stakeholders and explore opportunities; and the change phase to explore community action to increase investment, existing opportunities for investments, action that Governments and other enabling organizations can take to increase investment. Favourable conditions for successful investments include: granting of commercial forest rights for the rights holders; increased business capacity among the communities and the rights holders groups; building enterprise-oriented organizations to be able to scale up; fair and balanced asset investment deals; enabling investment to unlock the potential of investing in locally controlled forestry.

47. Mr. Chris Buss, International Union for the Conservation of Nature, focused on the implementation of the guide that resulted from the investing in locally controlled forestry dialogue process described above. The aim of the guide is to identify priorities and opportunities to enhance the mobilization of private sector investments in locally controlled forestry activities and develop partnerships and a framework of engagement that can provide ideas, innovative financing mechanisms and support for investments in locally controlled forestry activities. Investment opportunities are available to rights holders, Governments, donors, non-governmental organizations and the private sector. Two types of investment were highlighted: enabling investments (to create conditions for productive investments by influencing external conditions and improving internal conditions) and asset investments (investments in the assets themselves). Ingredients for success include the clarity of tenure and rights, good governance, spelling out the roles of stakeholders, partnerships, business development services, intermediaries and brokers, transparency and accountability, agreed goals and expectations, checks and balances, and respect for different values and embracing change. Enabling investment also promotes alliance-building to attract investment deals and scaling up to realize opportunities.

Summary of interactive discussions

48. Comments related to the details of the study and requests for information concerning the outcome in the various countries. One query was related to the identification of investors as it was noted that forest investments are long term and less lucrative than other investments. Mr. Dunning said that the investors are international financiers looking for opportunities or product investors or investment funds operators and banks. The investors needed quantitative data on existing opportunities so that they can come into the process with about 60 to 70 per cent of knowledge of the opportunity. Responding to a query concerning the difference between community forestry and locally controlled forestry, he stated that locally controlled forestry is, in fact, an expansion of community forestry by developing opportunities and expanding the experience to the specific needs of indigenous peoples and family forest owners. Another issue raised was the scale of the investment, as the minimum investment for big investors (pension funds, for

example) is in the hundreds of millions of United States dollars. In response, Mr. Dunning said that those funds were available but a large scaling up to drive those resources was necessary. The Co-Chair felt that that was a crucial issue, to create synergies between government, rights holders and investors. Another suggestion was to use the financing experiences gained by sales of goods and services from communal forests owned by local authorities. On accessing figures related to potential and real rates of return, Mr. Dunning said that that was the next step of the initiative since the data was lacking.

Working Group II: Identification of international actions/ strategies to mobilize financing for forests (Part 2)

49. Mr. Ian Gray, of the Global Environment Facility (GEF), made a presentation on mobilizing financing for forests from GEF. GEF has been funding forest projects since its inception in 1991, totalling more than 330 projects in more than 100 countries with a total budget of $1.7 billion. The 5th replenishment of the GEF seeks to have a further $1 billion invested in forests, with full recognition of their multiple functions. In the REDD-plus/sustainable forest management funding window set up in 2010, GEF has supported the establishment of payment for ecosystem services schemes and of trust funds in particular. Thus far, only 40 per cent of the $250 million of the forests incentive have been allocated. Based on the experience, there is a need to manage forests for their multiple functions, the codependency of many forest products and services, the need for a landscape-level approach and the importance of prioritizing long-term benefits over short-term gains.

Summary of interactive discussions

50. The Co-Chair opened the floor for questions from the experts. There was interest in knowing the status of sustainable forest management as a GEF focal area. The presenter explained that there was no requirement for GEF to limit itself to the conventions and it was currently a "quasi" focal area. He also explained that the sustainable forest management/REDD work was in a test period but the 6th replenishment of GEF may consider the possibility of making it permanent. There were also questions related to types of forest that GEF covered, clarifications were needed on funding arrangements in the Asia-Pacific region and experience in national trusts or biodiversity that could be extended to the forest sector. He explained that the Asia Pacific Association of Forestry Research Institutions sustainable forest management work had largely focused on tropical forests; for example, the Association-Mekong region projects cover a wide range of activities including forestry. Malaysia, Indonesia and Brunei have initiated projects on biodiversity, including transboundary environmental issues. Association of Southeast Asian Nations (ASEAN)-Korea provides training and education assistance on forests and ASEAN-China on training. Mr. Gray said that member States were welcome to cooperate on a proposal that connects mitigation and adaptation financing to REDD-plus funding. He also said that there are some national trust funds at the subnational, national, regional and global levels that could be accessed for sustainable forest management. An expert mentioned that there had been a request to double biodiversity funding through the Convention on Biological Diversity and that GEF should not target the forest sector for budget cuts. He believed that GEF investment in sustainable forest management had been well received by donors; it is

a mechanism that allows good returns of investment with the three conventions, and eligible countries are planning to submit their proposals with a forest element. Another expert stressed that more efforts are required for action on adaptation focusing on small island developing States and asked what mechanisms there are other than national mechanisms for adaptation action on sustainable forest management. He said that the GEF Adaptation Fund is open and available to eligible countries, highlighting that GEF financing is a country-driven process.

Working Group II: Identification of international actions/ strategies to mobilize financing for forests (Part 3)

51. Mr. Tuukka Castren, World Bank, reported on the sharp increase that the World Bank had benefited from since 2008 and the range of partners that the organization benefits from in its activities on sustainable forest management. Since 2002, the Bank has committed $2.8 billion to forests in investments and has a current portfolio of 57 operations, of which 50 are national (the largest one being in China with $95 million) and 7 regional. Between $300 million and $400 million are generated every year. The Bank has also engaged very actively in REDD-plus activities, notably through the Forest Carbon Partnership Fund and the Forest Investment Programme; 80 per cent of lending goes to middle-income countries. Apart from the Forest Carbon Partnership Fund ($447 million) and the Forest Investment Programme ($602 million), the World Bank has also set up additional funds such as the Critical Ecosystems Partnership Fund ($216 million), the BioCarbon Fund ($90 million), the Guyana REDD-plus Investment Fund ($135 million), the Indonesia Forest Carbon Trust Fund ($7 million), as well as the Programme on Forests (PROFOR) and Forest Law Enforcement and Governance (FLEG) ($22 million). The organization relies on Country Assistance Strategies to direct its activities at the national level, but also designs programming along thematic lines (e.g., with the Forest Investment Programme). The forest financing equation is a sum of funds and priorities. The ways forward consist primarily of an increase in thematic funds such as Forest Investment Programme and Forest Carbon Partnership Fund and a scaling-up of landscape approaches (rural livelihoods, tradeoffs and adaptation). Emerging priorities include strengthening systems for sustainable forest management and institutions (notably private investments, markets for environmental services, and policy and institutional reform and governance).

Summary of interactive discussions

52. With regard to cross-sectoral issues, the World Bank representative said that the landscape approach is being increasingly recognized at the World Bank, but it is difficult as their counterparts are very sector-specific and agreed that it will have to be addressed at the country level by the Collaborative Partnership on Forests. Regarding an umbrella approach to forest financing and the role of the Bank as a trustee, Mr. Castren said that the Bank provides development financing, some of which goes to forests. How much financing goes into forests depends on recipient countries. The Bank, acting as a hub for forest financing, has worked in the past, but it would depend on the nature of the arrangements. In response to a question from an expert who asked what the Bank meant by strengthening institutions, the World Bank representative responded that the countries themselves needed to determine it and that really depended on the country. On types of forests that benefit from

funding, he said that the Bank had recognized that it should work more on dry forest issues. In the past, they have focused on high forest cover countries, but dry forests also play a huge role in livelihoods and reducing poverty. The Bank is working with the World Agroforestry Centre on agroforestry systems to address the diversity of forest issues at the landscape level. The World Bank representative mentioned the Forest Investment Programme as a success story as a broker meeting the gap between donor and recipient. He also clarified that projects on sustainable logging in large natural forest concessions were private sector investments and covered by the International Finance Corporation. Concessions are one type of land management among others but the Bank does not have a specific policy in that respect. He explained to the experts that the two reports on "Review of the safeguards for forests" and an "Evaluation of the World Bank in the past decade" were in progress. The safeguard review was about updating safeguards to ensure that they were working in a way that was most helpful for the World Bank and its clients. The evaluation would review the forest strategy from 2002 and its implementation; he confirmed that the Collaborative Partnership on Forests would be consulted in that regard. In response to a question regarding the significance of certification schemes for private sector investment, he responded that it was a very promising, useful tool, but affected only 10 per cent of forests so it was a niche product, not a blanket solution. He highlighted that the World Bank could attract investments by making forest institutions accountable and transparent. An expert stated that there were indeed funding mechanisms financing cross-sectoral work, for example, on agriculture and forest management, community forestry. The expert asked for more data on cross-sectoral impacts on deforestation, and clarification was given that PROFOR was providing the data on such issues. He said that increasing private sector investment was a challenge and it was necessary to increase the knowledge and recognition of the economic, social and environmental values of forests. In response to a question regarding the Bank's position on a global forest fund, he said that whatever the arrangement emerging from the United Nations Forum on Forests, the Bank would stay engaged to work out its contribution. While only 1 per cent of the Bank's financing goes to the forest sector, it remained the largest donor.

D. Co-Chairs' final recommendations

53. The resolution on the means of implementation for sustainable forest management, adopted at the special session of the ninth session of the Forum, calls for the mobilization of financial resources from all sources to support the implementation of sustainable forest management, the achievement of the global objectives on forests and the implementation of the non-legally binding instrument on all types of forests, including, inter alia, strengthening and improving access to funds and establishing a voluntary global forest fund, taking into account the results of the Forum's review of the performance of the facilitative process, views of member States, and review of sustainable forest management-related financing instruments and processes.

54. Based on the inputs prepared during the intersessional period, and presentations by experts, panel discussions, the keynote speeches, and the extensive exchange of experience and views among participants at the second meeting of the Expert Group, the Co-Chairs offer the following options for recommendations, for consideration by the United Nations Forum on Forests at its tenth session.

Options for recommendations on forest financing by the Co-Chairs of the second meeting of the Ad Hoc Expert Group

55. The following options for recommendations reflect the deliberations during the second meeting of the Ad Hoc Expert Group on Forest Financing. The Co-Chairs note that while there was convergence of views on many issues, there were also issues in which experts presented different perspectives. They also take into account the inputs prepared on forest financing during the United Nations Forum on Forests intersessional period. In this context, the Co-Chairs of the second meeting of the Group propose the following options for recommendations on forest financing to the Forum at its tenth session, for its consideration and decision.

56. The Forum may wish to invite Governments, Collaborative Partnership on Forests member organizations and other relevant stakeholders to:

Good governance

(a) Promote enabling conditions, especially effective institutions at all levels, legal frameworks and political engagement to attract forest finance from all sources and reduce investment risk;

(b) Enhance secure land tenure and resource tenure rights in land use and inheritance laws, and promote forest law enforcement, and invite the Food and Agriculture Organization of the United Nations to continue to work on developing voluntary guidelines on land tenure;

(c) Strengthen country-level donor coordination mechanisms in the forest sector and ensure linkages with national development plans and national forest programmes and other sectoral policies;

(d) Strengthen communication strategies that seek to improve public understanding of the importance of forests;

Engaging all stakeholders and building partnerships

(e) Provide support to processes such as the international model forest network that build partnerships, promote dialogue and strengthen the capacities of forest stakeholders, in particular women and youth, at every level, especially those at the local level;

(f) Invite the Collaborative Partnership on Forests member organizations and donors to support local forest stakeholders and smallholders in the development of cooperatives, forest producer organizations and similar groups to enable group-lending practices to improve access to financing for forests;

(g) Develop and implement awareness-raising programmes for policymakers on the economic, social and environmental values of forests and trees outside forests;

Cross-sectoral collaboration

(h) Promote knowledge sharing to improve mutual understanding and communication between the forest sector and other sectors and institutional financial systems, to help mobilize funding for forests from other sectors, inter alia, such as watersheds, rangelands, energy, agriculture, and the tourism sector at the national level;

(i) Strengthen cross-sectoral and cross-institutional collaboration at the national level, through policy frameworks such as national forest programmes or their equivalents to attract more resources for forests, inter alia, building upon the experiences of the FAO Farm and Forest Facility and its predecessor, the National Forest Programme Facility, on promoting such collaborations at the local and community levels;

(j) Integrate forests in the priority areas of national development plans, and identify the values of forest goods and services, in national budgets and accounts by developing indicators and collecting data, and capture both cash and non-cash values of forests;

(k) Encourage the World Bank and regional development banks to promote cross-sectoral collaboration and integrate sustainable forest management programmes in their relevant work;

Capacity-building

(l) Formulate strategies to address capacity development needs of countries, particularly developing countries, especially on accessing funds, including on monitoring and law enforcement activities; access to funds, data development and management and partnership development;

(m) Encourage financial institutions to develop appropriate lending tools for forest owners and communities;

(n) Secure sufficient financing for research, education and training;

Formal/informal markets/private sector

(o) Promote the use of public-private partnerships where public financing and investments can mitigate potential risks for private investment and ensure that private capital is used in a socially and environmentally responsible manner;

(p) Provide a policy environment that encourages private sector investment to create markets that capture non-market forest goods and services;

(q) Assist the private sector to identify gaps, obstacles to and opportunities for forest financing to ensure properly targeted investments by the private sector;

(r) Recognize and/or formalize informal markets for local trade in forest products, where applicable, as a key source of financing;

(s) Explore formal and informal financing opportunities such as microfinance and remittances, which could be channelled through forest owner organizations, cooperatives and producer groups, recognizing the broad and varied nature of the private sector;

National forest financing options

(t) Strengthen mobilization of forest financing, in particular through national forest programmes, using a combination of financing approaches, including the creation of national forest funds, and identify other opportunities for financing at the national level;

(u) Create, strengthen and implement forest financing strategies which focus on enhancing the environmental, social and economic aspects of sustainable forest management as a cross-sectoral approach at the national landscape level;

(v) Develop national forest financing strategies, or equivalent strategies, that package finance for forests from all sources in a participatory manner, taking into account the interlinkages of forests with different issues, including poverty eradication, food security, climate change, agriculture, rural development, energy, transportation, mining, and tourism;

(w) Encourage the development of national forest financing strategies or equivalent strategies by countries;

Addressing sustainable forest management data, geographic and thematic gaps

(x) Focus on addressing gaps in forest financing and devote adequate resources and make concerted efforts to address those gaps at all levels;

(y) Support a forest finance data development programme at the national level, working in collaboration with Governments, regional processes, Collaborative Partnership on Forests member organizations, other sectors and development banks;

(z) Make forest finance knowledge management and the provision of forest economic development, forest finance and data on returns on investment in sustainable forest management, a continuous process rather than ad hoc, with associated committed funding, and also take advantage of data collection processes in other institutions;

(aa) Support the Collaborative Partnership on Forests members to strengthen its existing data collection and access mechanisms, to address data gaps on forest finance and to improve data availability in a systematic, coordinated and coherent manner so as to provide consistent and accurate data on forest economic development and financing across all sectors; and invite donors to provide resources to the Collaborative Partnership on Forests members to carry out that responsibility;

(bb) Use the existing data collection frameworks of the Collaborative Partnership on Forests member organizations including the Collaborative Partnership on Forests Source Book and the United Nations Forum on Forests newly developed reporting format to collect data, in particular on the areas where there are gaps in data, such as quantifiable and qualitatively focused information on cross-sectoral forest financing;

(cc) Request the Forum secretariat to synthesize all findings and recommendations contained in intersessional inputs on forest financing, including on data, geographical and thematic gaps, and provide them to member States of the Forum;

(dd) Encourage FAO to further develop its work on national public funding for sustainable forest management as part of the preparation of future FAO forest resources assessments;

(ee) Invite OECD to review its forest-related definitions to create new categories of data so as to reflect the cross-sectoral nature of forest financing;

Financing implementation of the Non-Legally Binding Instrument on All Types of Forests (forest instrument)

(ff) Invite Collaborative Partnership on Forests member organizations to mainstream implementation of the forest instrument in the programme of work of various forest-related financing mechanisms, organizations and initiatives;

(gg) Invite OECD to set up a tool similar to "Rio marker" to track and measure funding for the implementation of the forest instrument and its four Global Objectives on Forests;

Official development assistance

(hh) Stress that although forest financing is primarily a national responsibility and self-sustaining in the long term, international assistance, including ODA, has an important catalytic role in promoting sustainable forest management in many countries;

(ii) Prioritize forests and cross-sectoral or thematic approaches to enhance the contribution of forests to economic, environmental and social development;

(jj) Address fragmentation among forest-related financing mechanisms;

Regional cooperation

(kk) Strengthen interregional and intraregional cooperation on forest economic development and financing, including the development of proposals to donors for financing; exploring forest finance and economic development opportunities with the private sector; and sharing relevant experience, knowledge and expertise;

(ll) Establish partnerships between regional economic bodies and networks, and regional development banks such as the African Development Bank and the Development Bank of Southern Africa;

Strengthening existing multilateral forest-related financing mechanisms and improving access to their resources

(mm) Agree to strengthen existing forest-related financing mechanisms through improving access to and efficiency of resources as well as mobilizing new and additional resources to address the sustainable forest management needs and gaps that are not yet addressed, and in this regard invite these mechanisms to:

(i) Modify public sector financing criteria and further streamline international funding processes and procedures to improve access to their funds;

(ii) Promote synergies among their programmes to address financing needs and gaps in the implementation of sustainable forest management;

(iii) Devote specific financial resources and develop programmes to address thematic gaps in forest financing, to address all seven thematic elements of sustainable forest management, contained in the forest instrument, so as to realize the full potential of forests;

(iv) Provide financing to support the preparation of national reports of developing countries to the United Nations Forum on Forests on the implementation of the forest instrument, through the allocation of new and

additional funds to the existing forest-related financing mechanisms, including GEF;

(v) Further support countries to undertake forest inventories and valuations to demonstrate the contributions of forests to economic development, and to the provision of environmental and social goods and services;

(vi) Support countries in identifying and assessing non-cash values of forest products and services;

(vii) Assist countries to address the financing challenges by building capacity to access funding and implement flexible and tailored strategies that package public, private and international finance;

(nn) Invite GEF to:

(i) Review its sustainable forest management-REDD-plus incentive programme and other elements of the GEF forest portfolio and, on the basis of that review, consider strengthening the sustainable forest management-REDD-plus programme and/or establishing a new focal area on sustainable management of all types of forests during the next GEF replenishment;

(ii) Address the geographical gaps in forest financing by giving special consideration to dryland forests and the special needs of low forest cover countries, small island developing States, high-forest-cover countries, Africa, and least developed countries;

(oo) Invite donors to provide resources to the facilitative process to carry out the following tasks, in collaboration with Collaborative Partnership on Forests members:

(i) Develop national and regional forest financing strategy templates, in collaboration with countries and Collaborative Partnership on Forests member organizations, for the low forest cover countries/small island developing States/ Africa and least developed countries and assist those countries to develop relevant projects;

(ii) Suggest proposals for improving coordination and collaboration among forest-related financing mechanisms at the eleventh session of the Forum to facilitate the access by countries to funds;

(iii) Address forest and economic development gaps which can have a negative or positive impact on forest financing;

New and emerging funds

(pp) Recognize the opportunities for mobilizing new financing for forests through funds, strategies and programmes in various Collaborative Partnership on Forests member organizations and other relevant international and regional organizations;

(qq) Invite parties to the United Nations Framework Convention on Climate Change and the United Nations Convention to Combat Desertification, regional development banks and programmes, to integrate financing sustainable forest management activities in their relevant funds and operational programmes,

including the Green Climate Fund, Adaptation Fund of the Framework and similar programmes of the Convention;

(rr) Further invite parties to the Convention on Biological Diversity to integrate financing sustainable forest management in their relevant programmes and strategies, including its Resource Mobilization Strategy;

Other forest financing options

(ss) Further consider the establishment of a voluntary global fund to enhance the achievement of sustainable forest management by developing countries and countries with economies in transition;

(tt) Consider other options to mobilize new and additional financing for forests, including an umbrella framework to coordinate the existing forest-related financing mechanisms, and "brokering" or intermediary institutions at various levels to improve access of countries to financing for forests;

Mainstreaming forests in development decision-making processes

(uu) Strengthen evaluation of the full range of forest values, including through natural resources accounting;

(vv) Integrate broader values of forests into development planning, decision-making and investments;

Forests/post-2015 United Nations development agenda/sustainable development goals

(ww) Invite countries, through their relevant representatives, to integrate forests in the post-2015 United Nations development agenda and within the sustainable development goals;

(xx) Consider how sustainable forest management can be integrated into the post-2015 development agenda and the elaboration of the sustainable development goals, taking into account that forests play a vital role in poverty eradication and improved livelihoods.